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occur in the Chinese Government's foreign trade policy which may make possible a trade agreement with the USSR. Some Chinese officials feel that the Chinese Government wanted to delay discussions on such a plan in order not to jeopardize the success of a United States aid program.

6. Because of the customs agreements between the Chinese Government, Hongkong, and Macao, the smuggling of tungsten from South China has been greatly reduced. Tungsten is badly needed by the USSR for its steel industry. With the South China sources cut off, the USSR trade representatives are now looking for ways and means to obtain tungsten from Tientsin and Shanghai. The following Soviet firms have been instructed to purchase tungsten for the USSR:

Daltotat Company, 83 Peiping Road North China Investment Corporation, 51 Kwangtung Road China Export Trading Company, 51 Kwangtung Road Krassons and Company, 110 Szechuan Road

- 7. In Shanghai there are only about 18 (sic) tons of refined tungsten and over 50 tons of tungsten ore, $63\frac{1}{2}$ percent. The Chinese merchants holding this ore are still waiting for the price to rise, since the demand is increasing. Other foreign governments are eager for China's tungsten supply, and the industrialization program being effected by T. V. SOONE in South China is using up more of that area's tungsten supply.
- 8, During 1947 the USSR has managed to purchase the following stocks of tungsten from Hongkong:
 - (1) 5 tons of tungsten ore supplied by Marden Development Company, representatives of Sovtorgflot (Soviet Ministry of the Merchant Fleet), and shipped to the USSR on the SMOLNY, February 1947.
 - (2) 3,000 pounds of refined tungsten shipped to the USSR in February 1947 on the SMOLNY, as follows:

Harden Development Company
Luso Enterprises, a Fortuguese firm 500 lbs
Pax Trading Company
Spencer and Sons, Limited 1,000 lbs.
Other small firms 7 200 lbs.

- (3) 12 tons of tungsten ore shipped on the DVINA in September 1947, supplied by Marden Development Company and Spencer and Sons, Limited.
- (4) 5,000 pounds of refined tungsten supplied by Marden Development Company and shipped to the USSR on the DVINA.
- (5) Larger amounts were shipped from Macao, where the Union Steamship Agency has chartered a few Portuguese steamers MARIA TERESA, LUZON, PRONTOPIA and delivered the cargo directly to Sakhalin Island.
- (6) An estimated 55 tons of tungsten ore and about 10 tons of refined ore smuggled from Macao by the Portuguese firm Oliveira and Sons.
- 9. The open transfer of funds by the Moscow Narodny Bank in Shanghai to Hongkong during 1947 amounted to US \$120,000. This amount went to Mardon Development Company as payment for wharf facilities and other services, and for the purchase of typesten and other important materials.

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